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SENATE

REPORT
99-317

AMENDING THE JOB TRAINING PARTNERSHIP ACT

JUNE 5 (legislative day, JUNE 2), 1986.—Ordered to be printed

Mr. HATCH, from the Committee on Labor and Human Resources, submitted the following

REPORT

[To accompany S. 2069]

The Committee on Labor and Human Resources, to which was referred the bill (S. 2069) having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

SECTION-BY-SECTION ANALYSIS

TRAINING PROGRAMS FOR OLDER INDIVIDUALS

SEC. 2. Add the income eligibility criteria for the Community Services Employment Program, Title V of the Older Americans Act.

PRESIDENTIAL AWARDS

SEC. 3. Establish Presidential Awards to acknowledge outstanding private sector involvement, through direct and indirect contributions, to the successful operations of job training programs. Also, establish awards to recognize outstanding model programs for serving individuals with multiple barriers to employment.

WITHIN STATE ALLOCATION

SEC. 4(a). Authorize Governors to use up to a 90 percent hold harmless on the Title II-A allocations for service delivery areas, based on the average allocation for the three preceding program years.

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SEC. 4(b). Authorize Governors to use the balance of funds available under the six percent setaside for technical assistance to all service delivery areas.

SERVICES TO YOUTH

SEC. 5. Clarify that, if services are provided to 14 and 15 year olds for activities such as pre-employment training, the cost of those services may be charged to the service delivery area's credit in meeting the requirement to spend 40 percent of its funds on youth.

SUMMER YOUTH PROGRAM

SEC. 6. Require service delivery areas to use 25% of funds available for the Summer Youth program to provide a remedial education component for four years. During that time the Secretary of Labor will collect data and develop performance standards for the Summer Youth program. These performance standards will take effect after September of 1990 at which time the 25 percent requirement will terminate.

DISLOCATED WORKERS

SEC. 7(a). Expand the eligibility criteria to authorize the Secretary to establish categories of self-employed individuals eligible for services, such as dislocated farmers.

SEC. 7(b). Authorize States to serve eligible individuals who live outside the State but whose place of employment is within the State.

REFERRAL OF APPLICANTS

SEC. 8. Require cross referral of applicants, where appropriate, between Job Corps centers and service delivery areas.

VETERANS

SEC. 9. Insert "including disabled veterans" after "handicapped" in the definition of community based organizations; add definitions of "recently separated veteran" and "Vietnam era veteran"; add "Vietnam era veteran" to language requiring the Secretary to prescribe performance standards for national programs; insert "including disabled veterans" following "handicapped" in language prescribing a waiver of the 30 percent cost limitation for individuals requiring substantial additional supportive services; insert "including Veterans' Administration programs"; in language authorizing the Governor to coordinate with related Federal, State, and local programs; insert "including veterans organizations" after "nonprofit private organizations" in language authorizing the Governor to contract with public and private service providers.

RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

SEC. 10. Authorize the Secretary of Labor to conduct pilot projects, with funds available under Title IV, Part D, to retrain individuals threatened with the loss of their jobs due to technological

changes, international economic policies, or general economic conditions.

SEC. 11. Require the Secretary to use funds available for research, demonstration, and pilot projects, under Title IV, Part D, for populations with multiple barriers to employment, with special consideration for displaced homemakers and handicapped.

REPORT LANGUAGE FOR S. 2069

The Job Training Partnership Act Amendments of 1986, S. 2069, are based on oversight findings from the initial implementation period of the Job Training Partnership Act (JTPA).

COMMITTEE OVERSIGHT

In 1982, Congress enacted JTPA which took effect October of 1983. Following a nine month transition period to a new program year, the first two-year planning period began July 1, 1984 and ends June 30, 1986.

During this time, the Subcommittee on Employment and Productivity has closely monitored the implementation of JTPA, through oversight hearings, site visits, and informal discussions. The Subcommittee also received written comments from other Congressional offices and from State and local program operators throughout the country.

More specifically, in 1984, the Subcommittee sponsored regional forums and staff made site visits to discuss JTPA operations with a wide range of program administrators and policy makers. These oversight findings are summarized in a committee report entitled "Preliminary Oversight of the Job Training Partnership Act." In 1985, following the anniversary of the first year of JTPA, the Subcommittee conducted a series of oversight hearings and site visits in Indiana, as a case study of program operations. The findings from this oversight appeared in the Congressional Record on October 1, 1985.

To briefly summarize the oversight findings, testimony indicated strong and widespread support for the public-private partnership that is credited for program success. Witnesses testified that the increased autonomy and flexibility accompanying JTPA's decentralizing approach is essential to the continued involvement of the private sector. There is a consensus that, with the exception of some fine tuning to enhance the ability of service delivery areas to meet the goals of JTPA, changes are not necessary and amendments should be avoided.

The Committee agrees with these findings. In general, the Committee prefers that States and service delivery areas explore administrative remedies to common problems rather than seek legislative solutions. When JTPA was enacted, it was recognized that program stability is essential for effective administration; a factor that contributed to the instability of previous employment and training programs was the tendency to legislate frequent changes. However, the Committee also recognizes that legislative changes are sometimes necessary to ensure program stability. Also, the need for stability must be weighed against the need to respond to

legitimate concerns. In S. 2069, the Committee has attempted to strike a balance among these competing demands.

SUMMARY OF PROVISIONS

SUBSTATE ALLOCATION FORMULA

During oversight hearings, the Committee learned that there is widespread support for adding a hold harmless to the substate allocation formula for Title II. As already stated, a goal of JTPA is to provide program stability that had been lacking under former Federal Job training programs. However, the substate allocation formula has resulted in extreme fluctuations in funding levels for service delivery areas, as high as 25 percent or more in some cases. This interferes with program planning and the maintenance of an administrative structure.

Therefore, S. 2069 authorizes Governors to impose a hold harmless on allocations to serve delivery areas for Title II. The hold harmless level may not be set higher than 90 percent and would be applied to the average of the prior three year's share or amount. The language specifying "share" or "amount" recognizes that, in the future, there may be national increases or decreases in funding that could preclude the possibility of doing one or the other.

The Committee would like to clarify that, if a hold harmless is imposed to raise allocations for some service delivery areas to a particular level, the intent is not to restrict other services delivery areas form receiving a larger share or amount than the hold harmless level. Also, the Committee would like to clarify that should a Governor apply a hold harmless to any service delivery area, the same level of hold harmless must apply equally to all service delivery areas.

SUMMER YOUTH PROGRAM

S. 2069 requires service delivery areas to setaside 25 percent of their allocation for the Summer Youth program, Title II-B, for a remedial education component. This provision would be in effect for four years, for fiscal years 1987 to 1990. During that time the Secretary will collect data and develop performance standards for all aspects of the Summer Youth program. Starting in fiscal year 1991, the setaside will expire and the performance standards will be implemented.

The Committee is gravely concerned about the problem of youth illiteracy and all that it portends not only for the quality of life for individual teenagers, but also for society as a whole. While the Committee agrees that employment opportunities for economically disadvantaged youth are essential, the Committee believes that the long-term interests of youth are better served if the Summer Youth program provides participants with grounding in basic academic subjects such as reading, writing, and mathematics.

The Committee believes the urgency of this problem justifies the requirement that service delivery areas must expend at least 25 percent of their Title II-B funds for remedial education programs, for the next four years. This may be done in classroom settings or in conjunction with work experience. In monitoring compliance

with this requirement, the Committee urges the Department of Labor to encourage the use of local non-federal funds or facilities for such programs. The purpose of this provision is to ensure that remedial education is provided to Title II–B participants who lack basic literacy skills.

The Committee is also sensitive to the criticism that this provision imposes a federal mandate on local elected officials and private industry councils. The Committee, however, believes that given the seriousness of the deficiencies of basic skills among this group of youth as well as in the absence of specific performance objectives, such a mandate is necessary. However, to ensure the long term adherence to the concept of local planning, the Committee has set the year 1991, after which the 25 percent requirement expires, as a deadline for the application of complete performance criteria for Title II–B.

Such standards will take into account the shorter program period and will measure program effectiveness in both the employment and educational aspects of the Summer Youth program. In short, the Committee determines that the purpose of Title II–B is not simply to give economically disadvantaged teenagers work experience, but also to impart actual educational skills.

DISLOCATED WORKERS

Worker Dislocation in the Agricultural Industry

S. 2069 contains language to clarify that dislocated farmers are eligible to participate in the Dislocated Worker program, Title III. Recognizing that dislocated farmers are only the most recent occupation to be affected, the language has been broadly worded to permit the Secretary to establish categories of self employed individuals eligible for services.

The Committee is aware that the Department has established a Federal-State working group to examine the problems of job training, dislocation, and job creation in rural America and commends the Secretary for taking this initiative. It is hoped that the Secretary will soon be able to advise the Committee regarding what actions the Department will take to maximize the availability of job training resources in rural areas, particularly discretionary funds available under Title III and Title IV, research, demonstration, and pilot project funds. These funds should be used to explore solutions to the problems being addressed by the working group.

Finally, the Committee urges prompt action by the Department to anticipate the training and retraining needs of workers in the agriculture industry who will be dislocated as a result of recent changes in government policies and general economic conditions. The Committee recognizes the limitations on the Department in meeting the unique needs of individuals and communities affected by the farm crisis. Therefore, it is imperative for the Department to work closely with other Federal agencies to assure the development and coordination of a broad range of services and activities targeted toward those populations. Also, the Committee encourages the Department and States to explore the feasibility of establishing linkages between Title III programs that serve dislocated farm-

workers and the Migrant and Seasonal Farmworker program, Section 402.

Training

S. 2069 authorizes States to provide Title III services to dislocated workers who are employed within the State but reside in a different State. The purpose of this provision is to preclude the need for an interstate agreement in all instances where enrollees work and reside in different States.

Also, the Committee notes that recent studies of the Dislocated Worker program show a need for improved vocational skills training and remedial education. The Department is encouraged to provide increased technical assistance to the states in developing and improving vocational training. In addition, the Department should take steps to acquire data on the mix of services received by Title III participants.

SIX PERCENT SETASIDE

S. 2069 contains a provision to permit funds available for technical assistance under the six percent setaside to be used for all service delivery areas not only those which fail to meet performance standards. The Committee would like to clarify that the technical assistance must be designed to improve performance at the service delivery area level or to help in meeting program requirements, such as the requirement to spend 40 percent of funds on youth.

OLDER WORKER PROGRAM

The Committee notes that the Department of Labor and individual States have recognized the importance of coordination between the JTPA Older Worker program and the Senior Community Services Employment program, Title V of the Older Americans Act, and have taken steps to improve coordination. To enhance the coordination between these programs, S. 2069 adds the eligibility criteria for the Title V program to the eligibility criteria for the Older Worker program in JTPA, thereby making both eligibility criteria apply equally.

The Committee expects that the Department will continue to assist the States in this effort, and expects that it will keep the Committee apprised of its efforts in this regard. While the Committee approves and encourages coordination between the two programs, it recognizes the important differences in their goals. Title V funds are primarily used to place older individuals in subsidized, community service jobs; JTPA funds, on the other hand, are for job training to prepare older individuals for private sector employment.

The Committee also recognizes the need for the Department, as part of its management responsibilities, to provide information and technical assistance to improve the delivery and effectiveness of programs for older workers funded by JTPA. In this connection, the Committee believes that it would be particularly helpful for the Department to collect and disseminate information about model programs for older workers. Although the Department has done

this sporadically in the past, the Committee expects the Department to put in place a system to do this on a more frequent basis.

PRESIDENTIAL AWARDS

During oversight hearings on JTPA, witnesses recommended the establishment of a national award to recognize outstanding private sector involvement. Consequently, S. 2069 contains such a provision. The Committee is pleased with the enthusiasm and broad support for this proposal.

As approved by the Committee, based on recommendations made by witnesses, the language has been broadened to permit recognition of both direct participation in program operations, such as being a member of a private industry council, and indirect participation, such as financial or in-kind contributions. The Committee also agreed to include language to establish awards recognizing outstanding model programs for serving individuals with multiple barriers to employment.

However, the Committee wants to clarify that the Presidential awards should be in the nature of a certificate of recognition or a logo for business stationery. The Committee does not intend to establish monetary awards.

RESEARCH, DEMONSTRATION, AND PILOT PROJECTS

Displaced Homemakers

The Committee remains deeply concerned about the plight of displaced homemakers, and recognizes the multiple barriers to employment faced by women in this situation. The Committee understands that this problem is not insignificant. Although insufficient data on this group are available, a recent report by the Office of Technology Assessment on worker dislocation estimates that there are between 2 and 4 million displaced homemakers. In 1981 alone, there were over 10 million American families headed by women; in 40 percent of those families, the female breadwinner was unemployed. A substantial majority of recipients of public welfare are women.

Displaced homemakers have devoted a substantial part of their adult lives to unpaid work in the home, thus sacrificing the work experience, seniority, training, networks, wages and advancement opportunities they would have earned had they elected to be in the labor force during this time.

In examining solutions for displaced homemakers, the Committee also considered the needs of several other populations facing multiple barriers to employment, such as those identified in Section 203 (a)(2). Many of these populations are not specifically targeted with a set-aside of Federal (e.g., veterans, Native Americans, dislocated workers), state (older workers), or service delivery area funds (youth) under JTPA. Therefore, S. 2069, as reported, contains a provision requiring the Secretary of Labor to expend a portion of the funds available to the Department for Part D of Title IV, for projects to increase training opportunities for these groups not otherwise targeted, two of the largest being displaced homemakers and the handicapped.

In adopting this provision, the Committee does not intend to preclude the Secretary from awarding funds to other worthwhile projects designed to promote the overall purposes of the act. Nor does the Committee wish to preempt the Secretary from funding a promising proposal due to an arbitrary definition of "displaced homemaker." The Committee refrained from requiring a specific number of years as a homemaker in the definition of this population in recognition of the fact that some women may require training services after only a short time as a homemaker, others may not even after a decade or more out of the labor force. It is expected that the Secretary will judge the strength of each proposal individually. Finally, the Committee urges the Secretary to fund proposals for training and services for these special populations rather than to award grants to national networks or technical assistance groups only.

Retraining

S. 2069 authorizes the Secretary to conduct pilot projects to retrain individuals threatened with the loss of their jobs due to technological changes, international economic policies, or general economic conditions.

VETERANS

The Committee recognizes persistent unemployment among Vietnam era veterans, part of which may be related to unique readjustment problems, including psychological difficulties deriving from active military service. It is the Committee's desire that eligible veterans participate in JTPA and that States and localities consider how to improve coordination and develop linkages with related programs and services for veterans. The Committee firmly believes that local employment needs of eligible veterans should be addressed through the private industry council planning process.

Therefore, S. 2069 contains a number of amendments to add references to veterans to emphasize the importance of serving this population. For example, in the definition of community based organizations, "including disabled veterans" is inserted following "handicapped" and definitions of recently separated veteran and Vietnam veteran have been added.

Also, the Committee directs the Secretary to assess the level of participation and services provided to veterans, utilizing established Departmental or administrative procedures, to determine whether, relative to this population's needs in comparison to other targeted groups, there are barriers to their equitable participation. The Secretary shall report to Congress on the findings.

JOB CORPS

The Committee believes that better linkages could be developed between the Job Corps and programs operated by service delivery areas. The Job Corps is designed to serve a segment of the youth population that is the most severely disadvantaged and the hardest to serve, whereas, programs operated by service delivery areas are more well suited to working with youth who do not need such intensive or comprehensive and, therefore, less expensive services.

The Committee is concerned that, without a systematized approach, applicants may not be enrolled in programs most appropriate for their needs. Consequently, in S. 2069, the Committee is requiring the cross referral of applicants, where appropriate, between Job Corps centers and service delivery areas. Also, the Committee directs the Secretary to report on the Department's past and future plans for studying the development of other linkages between Job Corps and Title II-A programs.

YOUTH SERVICES

S. 2069 clarifies that, if service delivery areas provide services, such as pre-employment training, to youth age 14 and 15, the cost of such services may be charged to the service delivery area's credit in meeting the requirement to spend 40 percent of its funds on youth.

OTHER ISSUES CONSIDERED BY THE COMMITTEE

PERFORMANCE STANDARDS

The Committee received substantial testimony in support of performance standards. However, witnesses identified some problems with the current performance standards and suggested some improvements. Therefore, S. 2069, as introduced, contained amendments to strengthen and enhance Congressional intent regarding the performance standards.

Youth

Under JTPA, youth are given a high priority for services; at least forty percent of the funds must be spent on youth. The Committee has been informed that many service delivery areas (SDAs) are not meeting this requirement. Testimony indicated that, in part, this is because the current performance standards are strongly biased toward placement rates as a measure of success. The training needs of youth are different from adults, and often, appropriately, the goals of youth training programs are achievement of other outcomes that prepare youth for employment.

Other successful outcomes include achievement of youth competencies that demonstrate basic attitudes and requirements for employment, such as regular attendance, achieving basic education skill levels of passing the Graduate Equivalency Exam, and returning to school or not dropping out of school. For example, a successful program may provide a high school dropout with work experience in combination with remedial education and eventually lead to return to high school or other training.

As implemented, the performance standards measure placement rates but not youth competencies; yet, the cost of providing such training is included in calculating the overall youth performance standards, such as cost per placement and the number of youth receiving training for youth competencies are included in determining placement rates, thereby reducting the SDAs overall performance standards. The Committee is concerned that this creates a disincentive for service delivery areas to operate programs to teach competencies.

Section 106(b)(1) of JTPA, as originally enacted, requires that performance standards for youth be adjusted to include "attainment of recognized employment competencies." Therefore, S. 2069, as originally introduced, contained a provision to require the Secretary of Labor to issue youth competency standards not later than July 1, 1986, or report to Congress on why such standards were not issued.

Recent testimony on S. 2069 indicates that progress is being made to develop youth competency standards. The necessary data are being collected by States and service delivery areas. The General Accounting Office (GAO) is currently studying the extent to which such standards are being developed and implemented. In testimony, GAO cautioned that the July 1, 1986 deadline may be unrealistic.

Therefore, the Committee has determined that this statutory change is unnecessary. However, the Committee wants to emphasize that its decision to withdraw the amendment should not be interpreted to mean that it is lessening its resolve and commitment to the implementation of youth competency standards. The Labor Department should proceed with all possible speed to develop and implement such standards. The Labor Department is required to report back to the Committee, if such standards are not implemented by the beginning of the program year that starts July 1, 1987.

Measuring the Long Term Impact of Participation

A second concern about the performance standards that was identified during oversight is their emphasis short term measures of success. The performance standards include indicators of success such as percentage of enrollees placed in jobs, cost per successful placement, and average starting wages of individuals placed in jobs. The Committee has been pleased with reports that indicate the success of service delivery areas in meeting and exceeding these standards. However, the Committee agrees with concerns that these measures of success only partially evaluate training programs.

A premise of JTPA is that the cost of training is an investment that will be repaid to society by the individual who becomes a productive worker. Therefore, as originally enacted, Section 106 of JTPA requires that performance standards measure the long term impact of participation, such as increases in earnings, reductions in welfare costs, and retention, as well as placement, in employment. The Committee's objective is to gain information on the quality of training and the return on its investments.

As introduced, S. 2069 contained a provision to require the Secretary to issue performance standards that measure the long term impact of program participation by July 1, 1986, or report to Congress on why such standards have not been issued. However, the Committee received testimony on S. 2069 indicating that the Department of Labor is taking steps to collect the data necessary to develop and implement such standards. Therefore, the Committee has determined that the amendment is unnecessary at this time.

Again, despite the decision to delete this provision from the bill, the Committee reiterates its resolve and commitment to the development of long term performance standards. If they are not issued

by July 1, 1987, the Committee requires the Secretary to report to Congress.

Adjusting the Performance Standards

The Committee is also concerned about reports that States are not adjusting performance standards to take into account the characteristics of client populations with multiple barriers to employment which justify additional costs or lower peformance, such as the handicapped. Therefore, as introduced, S. 2069 required the Secretary to make such adjustments; under current law, Governors have discretion to make these adjustments.

In recent testimony, the Department of Labor advised the Committee that only three States have not adopted the methodology developed by the Department to make adjustments. The Committee therefore finds the amendment unnecessary, at this time.

However, the Committee requires the Secretary of Labor to report on the extent and nature of adjustments being made by the States. In particular, the Committee is interested in learning to what extent such adjustments are taking into account the additional costs of child care services.

ENFORCEMENT

The Committee is concerned about reports that the Act's provisions are not being adequately enforced, particularly the requirement that service delivery areas spend a minimum of 40 percent of their allocations on youth. Therefore, S. 2069, as introduced, contained an amendment to clarify that Governors may withhold funds from service delivery areas that fail to meet the requirements.

However, in consultation with the Department of Labor, the Committee understands that enforcement may be strengthened using regular administrative channels and that amendments, at this time, are unnecessary. Although this amendment is being withdrawn, the Committee directs the Secretary to increase the Department's enforcement efforts and to provide technical assistance to improve enforcement by States. The Secretary shall advise the Committee whether additional authority is needed by the Department of Labor or States to enforce the provisions of the Act.

The Committee agrees with witnesses who testified against a statutory change to direct the Secretary of Labor to report on Section 203(b), which requires that 40 percent of the funds available be expended for youth. Therefore, the Committee here directs the Secretary to prepare and submit such a report to Congress. The report should cover the implementation of Section 203(b) during the transition period described in Section 181 and the initial two year planning period. The report shall be submitted to the Congress not later than six months after Senate approval of this bill.

ADMINISTRATIVE COSTS

Allocations

The Committee is concerned that, for States with small allocations, the five percent administrative setaside may be inadequate

to cover necessary State administrative costs. The Committee expects that the Secretary of Labor will study the five percent setaside to determine whether States with small allocations have sufficient funds to meet ongoing administrative costs, and, if necessary, develop recommendations to assure that such States are provided adequate funds to meet administrative costs.

Long Term Follow Up

In this connection, the Committee notes that the Department plans to institute a requirement that States and service delivery areas collect data on the long term impact of program participation. The Committee agrees with the need for post program data to monitor the effectiveness of the Act, but it is concerned about the short and long term costs involved and whether these costs might place an unreasonable burden on administrative funds available to States and service delivery areas.

The Committee expects that the Department will examine the short and long term costs of performing post-program follow up and consider various options for meeting the costs of such follow up. The Committee notes that any funds available to service delivery areas for administrative costs under the six percent setaside for incentive grants and technical assistance may be used by them for the costs of long term follow up. The Department will report back to the Committee with the results of its study no later than January, 1987.

THE JOB TRAINING PARTNERSHIP ACT

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DEFINITIONS

SEC. 4. For the purposes of this Act, the following definitions apply:

(1) The term "academic credit" means credit for education, training, or work experience applicable toward a secondary school diploma, a postsecondary degree, or an accredited certificate of completion, consistent with applicable State law and regulation and the requirements of an accredited educational agency or institution in a State.

(2) The term "administrative entity" means the entity designated to administer a job training plan under section 103(b)(1)(B).

(3) The term "area of substantial unemployment" means any area of sufficient size and scope to sustain a program under part A of title II of this Act and which has an average rate of unemployment of at least 6.5 percent for the most recent twelve months as determined by the Secretary. Determinations of areas of substantial unemployment shall be made once each fiscal year.

(4) The term "chief elected official" includes—

(A) in the case of a State, the Governor;

(B) in the District of Columbia, the mayor; and

(C) in the case of a service delivery area designated under section 101(a)(4)(A)(iii), the governing body.

(5) The term "community-based organizations" means private nonprofit organizations which are representative of communities or significant segments of communities and which provide job training services (for example, Opportunities Industrialization Centers, the National Urban League, SER-Jobs for Progress, United Way of America, Mainstream, the National Puerto Rican Forum, National Council of La Raza, 70,001, Jobs for Youth, organizations operating career intern programs, neighborhood groups and organizations, community action agencies, community development corporations, vocational rehabilitation organizations, rehabilitation facilities (as defined in section 7(10) of the Rehabilitation Act of 1973), agencies serving youth, agencies serving the handicapped, *including disabled veterans*, agencies serving displaced homemakers, union-related organizations, and employer-related nonprofit organizations), and organizations serving nonreservation Indians (including the National Urban Indian Council), as well as tribal governments and Native Alaskan groups.

(6) Except as otherwise provided therein, the term "council" means the private industry council established under section 102.

(7) The term "economic development agencies" includes local planning and zoning commissions or boards, community development agencies, and other local agencies and institutions responsible for regulating, promoting, or assisting in local economic development.

(8) The term "economically disadvantaged" means an individual who (A) receives, or is a member of a family which receives, cash welfare payments under a Federal, State, or local welfare program; (B) has, or is a member of a family which has, received a total family income for the six-month period prior to application for the program involved (exclusive of unemployment compensation, child support payments, and welfare payments) which, in relation to family size, was not in excess of the higher of (i) the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, or (ii) 70 percent of the lower living standard income level; (C) is receiving food stamps pursuant to the Food Stamp Act of 1977; (D) is a foster child on behalf of whom State or local government payments are made; or (E) in cases permitted by regulations of the Secretary, is an adult handicapped individual whose own income meets the requirements of clause (A) or (B), but who is a member of a family whose income does not meet such requirements.

(9) The term "Governor" means the chief executive of any State.

(10) The term "handicapped individual" means any individual who has a physical or mental disability which for such individual constitutes or results in a substantial handicap to employment.

(11) The term "Hawaiian native" means any individual any of whose ancestors were natives, prior to 1778, of the area which now comprises the State of Hawaii.

(12) The term "institution of higher education" means any institution of higher education as that term is defined in section 1201 (a) of the Higher Education Act of 1965.

(13) The term "labor market area" means an economically integrated geographic area within which individuals can reside and find employment within a reasonable distance or can readily change employment without changing their place of residence. Such areas shall be identified in accordance with criteria used by the Bureau of Labor Statistics of the Department of Labor in defining such areas or similar criteria established by a Governor.

(14) The term "local educational agency" means such an agency as defined in section 195(10) of the Vocational Education Act of 1963.

(15) The term "low-income level" means $7,000 with respect to income in 1969, and for any later year means that amount which bears the same relationship to $7,000 as the Consumer Price Index for that year bears to the Consumer Price Index for 1969, rounded to the nearest $1,000.

(16) The term "lower living standard income level" means that income level (adjusted for regional, metropolitan, urban, afd rural differences and family size) determined annually by the Secretary based on the most recent "lower living family budget" issued by the Secretary.

(17) The term "offender" means any adult or juvenile who is or has been subject to any stage of the criminal justice process for whom services under this Act may be beneficial or who requires assistance in overcoming artificial barriers to employment resulting from a record of arrest or conviction.

(18) The term "postsecondary institution" means an institution of higher education as that term is defined in section 481(a)(1) of the Higher Education Act of 1965.

(19) The term "private sector" means, for purposes of the State job training councils and private industry councils, persons who are owners, chief executives or chief operating officers of private for-profit employers and major nongovernmental employers, such as health and educational institutions or other executives of such employers who have substantial management or policy responsibility.

(20) The term "public assistance" means Federal, State, or local government cash payments for which eligibility is determined by a needs or income test.

(21) The term "Secretary" means the Secretary of Labor.

(22) The term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, American Samoa, and the Trust Territory of the Pacific Islands.

(23) The term "State educational agency" means such an agency as defined in section 195(11) of the Vocational Education Act of 1963.

(24) The term "supportive services" means services which are necessary to enable an individual eligible for training under this Act, but who cannot afford to pay for such services, to participate in a training program funded under this Act.

Such supportive services may include transportation, health care, special services and materials for the handicapped, child care, meals, temporary shelter, financial counseling, and other reasonable expenses required for participation in the training program and may be provided in-kind or through cash assistance.

(25) The term "unemployed individuals" means individuals who are without jobs and who want and are available for work. The determination of whether individuals are without jobs shall be made in accordance with the criteria used by the Bureau of Labor Statistics of the Department of Labor in defining individuals are unemployed.

(26) The term "unit of general local government" means any general purpose political subdivision of a State which has the power to levy taxes and spend funds, as well as general corporate and police powers.

(27)(A) The term "veteran" means an individual who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable.

(B) The term "disabled veteran" means (i) a veteran who is entitled to compensation under laws administered by the Veterans' Administration, or (ii) an individual who was discharged or released from active duty because of service-connected disability.

(C) The term "recently separated veteran" means any veteran who applies for participation under any title of this Act within 48 months of the discharge or release from active military, naval, or air service.

(D) The term "Vietnam era veteran" means a veteran any part of whose active military service occurred between August 5, 1964, and May 7, 1975.

(28) The term "vocational education" has the meaning provided in section 195(1) of the Vocational Education Act of 1963.

(29) The term "displaced homemaker" means an individual who—

(A) was a full-time homemaker for a substantial number of years; and

(B) derived the substantial share of his or her support from—

(i) a spouse and no longer receives such support due to the death, divorce, or permanent disability of the spouse; or

(ii) public assistance on account of dependents in the home and no longer receives such support.

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TITLE I—THE JOB TRAINING PARTNERSHIP

PART A—SERVICE DELIVERY SYSTEM

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PERFORMANCE STANDARDS

SEC. 106. (a) The Congress recognizes that job training is an investment in human capital and not an expense. In order to determine whether that investment has been productive the Congress finds that—

(1) it is essential that criteria for measuring the return on this investment be developed; and

(2) the basic return on the investment is to be measured by the increased employment and earnings of participants and the reductions in welfare dependency.

(b)(1) The basic measure of performance for adult training programs under title II is the increase in employment and earnings and the reductions in welfare dependency resulting from participation in the program. In order to determine whether these basic measures are achieved, the Secretary shall prescribe standards on the basis of appropriate factors which may include (A) placement in unsubsidized employment, (B) retention in unsubsidized employment, (C) the increase in earnings, including hourly wages, and (D) reduction in the number of indiviuduals and families receiving cash welfare payments and the amounts of such payments.

(2) In prescribing standards under this section the Secretary shall also designate factors for evaluating the performance of youth programs which, in addition to appropriate utilization of the factors described in paragraph (1), shall be (A) attainment of recognized employment competencies recognized by the private industry council, (B) elementary, secondary, and postsecondary school completion, or the equivalent thereof, and (C) enrollment in other training programs or apprenticeships, or enlistment in the Armed Forces.

(3) The standards shall include provisions governing—

(A) the base period prior to program participation that will be used;

(B) a representative period after termination from the program that is a reasonable indicator of postprogram earnings and cash welfare payment reductions; and

(C) cost-effective methods for obtaining such data as is necessary to carry out this section, which, notwithstanding any other provision of law, may include access to earnings records, State employment security records, Federal Insurance Contributions Act records, State aid to families with dependent children records, statistical sampling techniques, and similar records or measures.

(4) The Secretary shall prescribe performance standards relating gross program expenditures to various performance measures.

(c) Within six months after the date of the enactment of this Act, the Secretary shall establish initial performance standards which are designed to contribute to the achievement of the performance goals set forth in subsection (b)(1), based upon data accumulated under the Comprehensive Employment and Training Act, from the National Commission for Employment Policy, and from other appropriate sources. In the developemnt of the initial standards under this subsection, the Secretary shall relate gross program ex-

penditures to the accomplishment of program goals set forth in subsection (b)(1).

(d)(1) The Secretary shall, not later than January 31, 1984, prescribe performance standards for the first program year under this Act to measure the results of the participation in the program to achieve the goals set forth in subsection (b)(1) based upon the initial standards established in subsection (c).

(2) The Secretary, not later than six months after the completion of the first two program years, shall prepare and submit a report to the Congress containing the performance standards established under paragraph (1) of this subsection, together with an analysis of the manner in which the performance standards contribute to the achievement of the goals set forth in subsection (b)(1), including the relative importance of each standard to the accomplishment of such goals.

(3) The Secretary shall prescribe variations in performance standards for special populations to be served, including Native Americans, migrant and seasonal farmworkers **[**and offenders**]** *disabled and Vietnam era veterans, including veterans who served in the Indochina Theater between August 5, 1964, and May 7, 1975, and offenders* taking into account their special circumstances.

(4)(A) The Secretary may modify the performance standards under this subsection not more often than once every two program years and such modifications shall not be retroactive.

(B) The Secretary shall prepare and submit a report to the Congress containing any modifications established under subparagraph (A), and the reasons for such modifications.

(e) Each Governor may prescribe, within parameters established by the Secretary, variations in the standards under this subsection based upon specific economic, geographic, and demographic factors in the State and in service delivery areas within the State, the characteristics of the population to be served, and the type of services to be provided.

(f) The National Commission for Employment Policy shall (1) advise the Secretary in the development of performance standards under this section for measuring results of participation in job training and in the development of parameters for variations of such standards referred to in subsection (e), (2) evaluate the usefulness of such standards as measures of desired performance, and (3) evaluate the impacts of such standards (intended or otherwise) on the choice of who is served, what services are provided, and the cost of such services in service delivery areas.

(g) The Secretary shall prescribe performance standards for programs under title III based on placement and retention in unsubsidized employment.

(h)(1) The Governor shall provide technical assistance to programs which do not meet performance criteria. If the failure to meet performance standards persists for a second year, the Governor shall impose a reorganization plan. Such plan may restructure the private industry council, prohibit the use of designated service providers or make such other changes as the Governor deems necessary to improve performance. The Governor may also select an alternate entity to administer the program for the service delivery area.

(2) The alternate administrative entity may be a newly formed private industry council or any agency jointly selected by the Governor and the chief elected official of the largest unit of general local government in the service delivery area.

(3) No change may be made under this subsection without an opportunity for a hearing before a hearing officer.

(4) The decision of the Governor may be appealed to the Secretary, who shall make a final decision within 60 days of the receipt of the appeal.

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LIMITATION ON CERTAIN COSTS

SEC. 108. (a) Not more than 15 percent of the funds available to a service delivery area for any fiscal year for programs under part A of title II may be expended for the cost of administration. For purposes of this paragraph, costs of program support (such as counseling) which are directly related to the provision of education or training and such additional costs as may be attributable to the development of training described in section 204(28) shall not be counted as part of the cost of administration.

(b)(1) Not more than 30 percent of the funds available to a service delivery area for any fiscal year for programs under part A of title II may be expended for administrative costs (as defined under subsection (a) and costs specified in paragraph (2)).

(2)(A) For purposes of paragraph (1), the costs specified in this paragraph are—

(i) 50 percent of any work experience expenditures which meet the requirements of paragraph (3);

(ii) 100 percent of the cost of any work experience program expenditures which do not meet the requirements of paragraph (3);

(iii) supportive services; and

(iv) needs-based payments described in section 204(27).

(B) For purposes of paragraph (1), the costs specified in this paragraph do not include expenditures for tryout employment which meets the requirements of section 205(d)(3)(B).

(3) For purposes of paragraph (2), a work experience expenditure meets the requirements of this paragraph if—

(A) the work experience is of not more than 6 months' duration and is combined with a classroom or other training program;

(B) an individual participant is prohibited from participating in any other work experience program following participation in a program meeting the requirements of this paragraph;

(C) the classroom or other training program component is specified in a preemployment contract or meets established academic standards; and

(D) wages paid in the work experience program do not exceed the prevailing entry-level wage for the same occupation in the same labor market area.

(c)(1) Notwithstanding subsection (b), expenditures may be made in excess of the limitation contained in such subsection if such ex-

penditures are made in accordance with the requirements of this subsection.

(2) Expenditures may be made in excess of the limitation contained in subsection (b) in any service delivery area if—

(A) the private industry council for such area initiates a request for such excess costs; and

(B) excess costs are due to one or more of the following conditions in such area:

(i) an unemployment rate (in the service delivery area or that portion within which services resulting in excess costs are to be provided) which exceeds the national average unemployment rate by at least 3 percentage points, and the ratio of current private employment to population in such area or portion is less than the national average of such ratio;

(ii) the job training plan for such area proposes to serve a disproportionately high number of participants from groups requiring exceptional supportive service costs, such as handicapped individuals, *including disabled veterans,* offenders, and single heads of households with dependent children;

(iii) the cost of providing necessary child care exceeds one-half of the costs specified in paragraph (2) of subsection (b);

(iv) the cost of providing necessary transportation exceeds one-third of the costs specified in pargraph (2) of subsection (b); or

(v) a substantial portion of the participants in programs in the service delivery area are in training programs of 9 months' duration or more.

(3) Expenditures may be made in excess of the limitation contained in subsection (b) if the need for and the amount of the excess is stated in the job training plan (or modification thereof) for the service delivery area and such plan demonstrates that administrative costs comply with subsection (a) of this section.

(4) The provisions of this subsection shall not be available to the extent that supportive services provided under the job training plan duplicate services provided by any other public or private source that are available to participants without cost.

(5) The Governor shall not disapprove any plan (or modification thereof) (on the basis of any statement of the need for and amount of excess costs in the job training plan if such plan or modification meets the requirements of this subsection.

(d) The provisions of this section do not apply to any service delivery area designated pursuant to section 101(a)(4)(A)(iii).

(e) This section shall not be construed to exempt programs under an approved plan from the performance standards established under section 106.

PART B—ADDITIONAL STATE RESPONSIBILITIES

GOVERNOR'S COORDINATION AND SPECIAL SERVICE PLAN

SEC. (a)(1) The Governor shall annually prepare a statement of goals and objectives for job training and placement programs within the State to assist in the preparation of the plans required under section 104 of this Act and section 8 of the Act of June 6, 1933 (known as the Wagner-Peyser Act).

(2) Any State seeking financial assistance under this Act shall submit a Governor's coordination and special services plan for two program years to the Secretary describing the use of all resources provided to the State and its service delivery areas under this Act and evaluating the experience over the preceding two years.

(b)(1) The plan shall establish criteria for coordinating activities under this Act (including title III) with programs and services provided by State and local education and training agencies (including vocational education agencies) public assistance agencies, the employment service, rehabilitation agencies, postsecondary institutions economic development agencies, and such other agencies as the Governor determines to have a direct interest in employment and training and human resource utilization within the State.

Such criteria shall not affect local discretion concerning the selection of eligible participants or service providers in accordance with the provisions of sections 107 and 203.

(2) The plan shall describe the projected use of resources, including oversight and support activities, priorities and criteria for State incentive grants, and performance goals for State supported programs.

(3) The Governor shall report to the Secretary the adjustments made in the performance standards and the factors that are used in making the adjustments.

(4) If major changes occur in labor market conditions, funding, or other factors during the two-year period covered by the plan, the State shall submit a modification to the Secretary describing these changes.

(c) Governor's coordination and special services activities may include—

(1) making available to service delivery areas, with or without reimbursement and upon request, appropriate information and technical assistance to assist in developing and implementing plans and programs;

(2) carrying out special model training and employment programs and related services (including programs receiving financial assistance from private sources);

(3) providing programs and related services for offenders and other individuals whom the Governor determines require special assistance;

(4) providing financial assistance for special programs and services designed to meet the needs of rural areas outside major labor market areas;

(5) providing training opportunities in the conservation and efficient use of energy, and the development of solar energy

sources as defined in section 3 of the Solar Energy Research, Development and Demonstration Act of 1974;

(6) industry-wide training;

(7) activities under title III of this Act;

(8) developing and providing to service delivery areas information on a State and local area basis regarding economic, industrial, and labor market conditions;

(9) providing preservice and inservice training for planning, management, and delivery staffs of administrative entities and private industry councils, as well as contractors for State supported programs; and

(10) providing statewide programs which provide for joint funding of activities under this Act with services and activities under other Federal, State, or local employment-related programs, *including Veterans' Administration programs.*

(d) A Governor's coordination and special services plan shall be approved by the Secretary unless the Secretary determines that the plan does not comply with specific provisions of this Act.

* * * * * * *

STATE EDUCATION COORDINATION AND GRANTS

SEC. 123. (a) The sums available for this section pursuant to section 202(b)(1) shall be used by the Governor to provide financial assistance to any State education agency responsible for education and training—

(1) to provide services for eligible participants through cooperative agreements between such State education agency or agencies, administrative entities in service delivery areas in the State, and (where appropriate) local educational agencies; and

(2) to facilitate coordination of education and training services for eligible participants through such ccoperative agreements.

(b) The cooperative agreements described in subsection (a) shall provide for the contribution by the State agency or agencies, and the local educational agency (if any), of a total amount equal to the amount provided, pursuant to subsection (a)(1), in the grant subject to such agreement. Such matching amount shall not be provided from funds available under this Act, but may include the direct cost of employment or training services provided by State or local programs.

(c)(1) Funds available under this section may be used to provide education and training, including vocational education services, and related services to participants under title II. Such services may include services for offenders *veterans,* and other individuals whom the Governor determined require special assistance.

(2)(A) Not more than 20 percent of the funds available under this section may be spent for activities described in clause (2) of subsection (a).

(B) At least 80 percent of the funds available under this section shall be used for clause (1) of subsection (a) for the Federal share of the cost of carrying out activities described in clause (1). For the purpose of this subparagraph, the Federal share shall be the

amount provided for in the cooperative agreements in subsection (b).

(3) Not less than 75 percent of the funds available for activities under clause (1) of subsection (a) shall be expended for activities for economically disadvantaged individuals.

(d) If no cooperative agreement is reached on the use of funds under this section, the funds shall be available to the Governor for use in accordance with section 121.

TRAINING PROGRAMS FOR OLDER INDIVIDUALS

SEC. 124. (a) From funds available for use under section 202(b)(2), the Governor is authorized to provide for job training programs which are developed in conjunction with service delivery areas within the State and which are consistent with the plan for the service delivery area prepared and submitted in accordance with the provisions in section 104, and designed to assure the training and placement of older individuals in employment opportunities with private business concerns.

(b) In carrying out this section, the Governor shall, after consultation with appropriate private industry councils and chief elected officials, enter into agreements with public agencies, nonprofit private organizations *including veterans organizations* and private business concerns.

(c) The Governor shall give consideration to assisting programs involving training for jobs in growth industries and jobs reflecting the use of new technological skills.

(d) An individual shall be eligible to participate in a job training program under this section only if the individual is economically disadvantaged and has attained 55 years of age.

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PART B—ADDITIONAL STATE RESPONSIBILITIES

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TRAINING PROGRAMS FOR OLDER INDIVIDUALS

SEC. 124. (a) From funds available for use under section 202(b)(2), the Governor is authorized to provide for job training programs which are developed in conjunction with service delivery areas within the State and which are consistent with the plan for the service delivery area prepared and submitted in accordance with the provisions in section 104, and designed to assure the training and placement of older individuals in employment opportunities with private business concerns.

(b) In carrying out this section, the Governor shall, after consultation with appropriate private industry councils and chief elected officials, enter into agreements with public agencies, nonprofit private organizations, and private business concerns.

(c) The Governor shall give consideration to assisting programs involving training for jobs in growth industries and jobs reflecting the use of new technological skills.

[(d) An individual shall be eligible to participate in a job training program under this section only if the individual is economically disadvantaged and has attained 55 years of age.]

(d)(1) An individual shall be eligible to participate in the training program authorized by this section—

(A) if the individual has attained 55 years of age; and

(B)(i) is economically disadvantaged, or

(ii) has a low income.

(2) for the purpose of this subsection, low income includes any individual whose income is not more than 125 percent of the poverty guideline established pursuant to the Community Services Block Grant Act.

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PART D—FEDERAL AND FISCAL ADMINISTRATIVE PROVISIONS

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PRESIDENTIAL AWARDS FOR OUTSTANDING BUSINESS INVOLVEMENT IN JOB TRAINING PROGRAMS

SEC. 172. (a)(1)(A) The President is authorized to make Presidential awards for outstanding achievement by business in the job training partnership program authorized by this Act. The President is authorized to make such awards to individual executive officers who, and business concerns which, have demonstrated outstanding achievement in planning and administering job training partnership programs or in contributing to the success of the job training partnership program.

(B) In making the awards pursuant to subparagraph (A) of this paragraph, the President shall consider the effectiveness of the program for which the award is made.

(2) The President is authorized to make Presidential awards for model programs in the job training partnership program authorized by this Act which demonstrate effectiveness in addressing the job training needs of groups of individuals with multiple barriers to employment.

(b)(1) Each year the President is authorized to make such awards under subsection (a) of this section as the President determines will carry out the objectives of this Act.

(2) The President shall establish such selection procedures, after consultation with the Secretary and the Governors of the States, as may be necessary.

TITLE II—TRAINING SERVICES FOR THE DISADVANTAGED

PART A—ADULT AND YOUTH PROGRAMS

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WITHIN STATE ALLOCATION

SEC. 202. (a)(1) The Governor shall, in accordance with section 162, allocate 78 percent of the allotment of the State (under section 201 (b)) for such fiscal year among service delivery areas within the State in accordance with paragraph (2).

(2) *Subject to the provisions of paragraph (3), of* [Of] the amount allocated under this subsection—

(A) 33⅓ percent shall be allocated on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment in each service delivery area as compared to the total number of such unemployed individuals in all such areas of substantial unemployment in the State;

(B) 33⅓ percent shall be allocated on the basis of the relative excess number of unemployed individuals who reside in each service delivery area as compared to the total excess number of unemployed individuals in all service delivery areas in the State;

(C) 33⅓ percent shall be allocated on the basis of the relative number of economically disadvantaged individuals within each service delivery area compared to the total number of economically disadvantaged individuals in the State, except that the allocation for any service delivery area described in section 101(a)(4)(A)(iii) shall be based on the higher of the number of adults in families with an income below the low-income level in such area or the number of economically disadvantaged individuals in such area.

(3)(A) Each Governor may provide that any service delivery area within a State may receive more than the allocation for a fiscal year determined under this subsection for that fiscal year, but in no event more than 90 percent of the average share or amount which the service delivery area received for each fiscal year for the 3 fiscal years prior to the fiscal year for which the determination is made.

(B) Each fiscal year in which a Governor revises the allocation pursuant to subparagraph (A) of this paragraph, the Governor shall reallocate the allocations among service delivery areas not affected by the adjustments made pursuant to subparagraph (A) of this paragraph.

(2) For the purpose of determining the hold harmless for the program year beginning July 1, 1986, under the amendment made by subsection (a), the Governor shall recalculate the 9-month transition period described in section 161(c)(1) of the Job Training Partnership Act on a 12-month basis.

(b) The last sentence of section 202(b)(3)(B) of the Act is amended by striking out "which do not qualify for incentive grants under this subparagraph"

[(3)] *(4)* For the purpose of this section—

(A) the term "excess number" means the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the service delivery area or the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in such service delivery area; and

(B) the term "economically disadvantaged" means an individual who has, or is a member of a family which has, received a total family income (exclusive of unemployment compensation, child support payments, and welfare payments) which, in relation to family size, was not in excess of the higher of (i) the poverty level determined in accordance with criteria estab-

lished by the Director of the Office of Management and Budget, or (ii) 70 percent of the lower living standard income level.

(b)(1) Eight percent of the allotment of each State (under section 201(b)) for each fiscal year shall be available to carry out section 123, relating to State education programs under this Act.

(2) Three percent of such allotment of each State for each fiscal year shall be available to carry out section 124, relating to training programs for older individuals.

(3)(A) Six percent of such allotment of each State for each fiscal year shall be available to carry out subparagraph (B) of this paragraph.

(B) The amount reserved under subparagraph (A) of this paragraph shall be used by the Governor to provide incentive grants for programs exceeding performance standards, including incentives for serving hard-to-serve individuals. The incentive grants made under this subparagraph shall be distributed among service delivery areas within the State exceeding their performance standards in an equitable proportion based on the degree by which the service delivery areas exceed their performance standards. If the full amount reserved under subparagraph (A) of this paragraph is not needed to make incentive grants under this subparagraph, the Governor shall use the amount not so needed for technical assistance to service delivery areas in the State which do not qualify for incentive grants under this subparagraph.

(4) Five percent of such allotment of the State for each fiscal year shall be available to the Governor of the State to be used for the cost of auditing activities, for administrative activities, and for other activities under sections 121 and 122.

ELIGIBILITY FOR SERVICES

SEC. 203. (a)(1) Except as provided in paragraph (2), an individual shall be eligible to participate in programs receiving assistance under this title only if such individual is economically disadvantaged.

(2) Up to 10 percent of the participants in all programs in a service delivery area receiving assistance under this part may be individuals who are not economically disadvantaged if such individuals have encountered barriers to employment. Such individuals may include, but are not limited to, those who have limited English-language proficiency, or are displaced homemakers, school dropouts, teenage parents, handicapped, older workers, veterans, offenders, alcoholics, or addicts.

(b)(1) Funds provided under this part shall be used in accordance with the job training plan to provide authorized services to disadvantaged youth and adults. Except as provided in paragraph (2), not less than 40 percent of the funds available for such services shall be expended to provide such services to eligible youth. *For the purpose of the preceding sentence, the term "eligible youth" includes individuals who are 14 and 15 years of age.*

(2) To the extent that the ratio of economically disadvantaged youth to economically disadvantaged adults in the service delivery area differs from the ratio of such individuals nationally (as pub-

lished by the Secretary), the amount which shall be required to be expended for services for youth under paragraph (1) shall be reduced or increased proportionately in accordance with regulations prescribed by the Secretary.

(3) Recipients of payments made under the program of aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act who are required to, or have, registered under section 402(a)(19) of that Act and eligible school dropouts shall be served on an equitable basis, taking into account their proportion of economically disadvantaged persons sixteen years of age or over in the area. For purposes of this paragraph, a school dropout is an individual who is neither attending any school nor subject to a compulsory attendance law and who has not received a secondary school diploma or a certificate from a program of equivalency for such a diploma.

(4) In each service delivery area the ratio of participants in on-the-job training assisted under this title in the public sector to participants in such training in the private sector shall not exceed the ratio between civilian governmental employment and nongovernmental employment in such area.

(c) For purposes of this title—

(1) the term "youth" means an individual who is aged 16 through 21, and

(2) the term "adult" means an individual who is 22 years of age or older.

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PART B—SUMMER YOUTH EMPLOYMENT AND TRAINING PROGRAMS

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REMEDIAL EDUCATION SET-ASIDE AND PERFORMANCE STANDARDS

SEC. 255. (a) For fiscal year 1987 and for each of the three succeeding fiscal years, in each service delivery area 25 percent of the amount available for this part for such year for the service delivery area shall be reserved for the conduct of remedial education programs.

(b) During the period described in subsection (a), the Secretary shall develop standards to be applied to programs conducted under this part. Such standards may include (A) improvement in basic educational skills, (B) improvement in English language proficiency, and (C) attainment of recognized youth employment competencies prescribed pursuant to section 106(b)(2)(A).

(c) Beginning after September 30, 1990, the Secretary shall establish and apply standards of performance for programs under this part based upon subsection (b).

(b) The table of contents of the Act is amended by inserting after item "Sec. 254." the following new item: "Sec. 255. Performance standards.".

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TITLE III—EMPLOYMENT AND TRAINING ASSISTANCE FOR DISLOCATED WORKERS

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IDENTIFICATION OF DISLOCATED WORKERS

SEC. 302. (a) Each State is authorized to establish procedures to identify substantial groups of eligible individuals who—

(1) have been terminated or laid-off or who have received a notice of termination or lay-off from employment, are eligible for or have exhausted their entitlement to unemployment compensation, and are unlikely to return to their previous industry or occupation;

(2) have been terminated, or who have received a notice of termination of employment, as a result of any permanent closure of a plant or facility; **[**or**]**

(3) are long-term unemployed and have limited opportunities for employment or reemployment in the same or a similar occupation in the area in which such individuals reside, including any older individuals who may have substantial barriers to employment by reason of age **[]**; *or*

(4) were self-employed and are unemployed as a result of general economic conditions in the community in which they reside or because of natural disasters subject to the next sentence.

The Secretary shall establish categories of self-employed individuals and of economic conditions and natural disasters to which clause (4) of the preceding sentence applies.

(b) The State may provide for the use of the private industry councils established under title I of this Act to assist in making the identification established under subsection (a).

(c)(1) Whenever a group of eligible individuals is identified under subsection (a), the State, with the assistance of the private industry council, shall determine what, if any, job opportunities exist within the local labor market area or outside the labor market area for which such individuals could be retrained.

(2) The State shall determine whether training opportunities for such employment opportunities exist or could be provided within the local labor market area.

(d)*(1)* Whenever training opportunities pursuant to subsection (c) are identified, information concerning the opportunities shall be made available to the individuals. The acceptance of training for such opportunities shall be deemed to be acceptance of training with the approval of the State within the meaning of any other provision of Federal law relating to unemployment benefits.

(2) Whenever the State determines that it is practicable, the State is authorized, in carrying out the provisions of this title, to assist eligible individuals who reside outside the State but are employed in a labor market area, part of which is located within the State or employed in a service delivery area that is contiguous to a service delivery area in the State.

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TITLE IV—FEDERALLY ADMINISTERED PROGRAMS

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PART B—JOB CORPS

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SCREENING AND SELECTION OF APPLICANTS: GENERAL PROVISIONS

SEC. 424. (a) The Secretary shall prescribe specific standards and procedures for the screening and selection of applicants for the Job Corps. To the extent practicable, these rules shall be implemented through arrangements with agencies and organizations such as community action agencies, public employment offices, entities administering programs under title II of this Act, professional groups, labor organizations, and agencies and individuals having contact with youth over substantial periods of time and able to offer reliable information as to their needs and problems. The rules shall provide for necessary consultation with other individuals and organizations, including court, probation, parole, law enforcement, education, welfare, and medical authorities and advisers. The rules shall also provide for the interviewing of each applicant for the purposes of—

(1) determining whether the applicant's educational and vocational needs can best be met through the Job Corps or an alternative program in the applicant's home community;

(2) obtaining from the applicant pertinent data relating to background, needs, and interests for determining eligibility and potential assignment; and

(3) giving the applicant a full understanding of the Job Corps and what will be expected of an enrollee in the event of acceptance.

(b) The Secretary is authorized to make payments to individuals and organizations for the cost of the recruitment, screening, and selection of candidates, as provided for in this part. The Secretary shall make no payments to any individual or organization solely as compensation for referring the names of candidates for Job Corps.

(c) The Secretary shall assure that Job Corps enrollees include an appropriate number of candidates selected from rural areas, taking into account the proportions of eligible youth who reside in rural areas and the need to provide residential facilities for such youth.

(d) The Secretary shall improve the coordination between training programs authorized by this Act conducted in service delivery areas and the Job Corps program. In carrying out the provisions of the preceding sentence, the Secretary shall assure that applicants for programs in service delivery areas should be referred to Job Corps centers, and vice versa, where the requirement of this subsection is appropriate and feasible.

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PART D—NATIONAL ACTIVITIES

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PILOT PROJECTS

SEC. 453. *(1)* (a) From funds made available under this part, the Secretary may provide financial assistance for pilot projects which meet the employment-related needs of persons including the handicapped and displaced homemakers who face particular disadvantages in specific and general labor markets or occupations and other persons whom the Secretary determines require special assistance, and projects designed to address skill shortages that affect other critical national objectives, including national security.

(b) Each pilot project assisted under this section shall be designed to assist in eliminating artificial and other employment barriers faced by such persons.

(c) No project under this section shall be financially assisted for more than three years under this Act.

(d) In selecting recipients under this section, the Secretary shall give special consideration to applications submitted by community-based organizations of demonstrated effectiveness, as well as to labor unions, and trade associations and their affiliates that address nationwide concerns through programs operating in more than one State.

(2) From funds made available under this part, the Secretary may provide financial assistance for pilot projects for the training of individuals who are threatened with loss of their jobs due to technological changes, international economic policies or, general economic conditions.

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PROJECTS FOR SPECIAL POPULATIONS

SEC. 456. In carrying out this part, the Secretary shall include projects designed to serve populations with multiple barriers to employment, such as individuals listed in section 203(a)(2) and individuals not otherwise targeted for assistance under this Act, with special consideration for displaced homemakers and the handicapped.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 29, 1986.

Hon. ORRIN G. HATCH,
Chairman, Committee on Labor and Human Resources,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed S. 2069, the Job Training Partnership Act Amendments of 1986, as ordered reported by the Committee on Labor and Human Resources on May 20, 1986.

The existing Job Training Partnership Act (JTPA) authorizes such sums as may be necessary to fund employment and training programs in fiscal year 1987. Based on current appropriations adjusted for projected inflation, the Congressional Budget Office estimates that $3.5 billion is necessary to maintain current program levels. CBO estimates of federal spending on JTPA programs would not change under S. 2069. The bill, however, would change the way these funds are allocated within states. Thus, the budgets of state

governments would not be affected by the enactment of this bill but local government spending could be changed by the provision that permits governors to reallocate funds within states.

The bill would amend the JTPA to expand eligibility for certain JTPA programs. The income eligibility criterion for the 3 percent set aside for older workers under JTPA would be changed to allow older individuals with incomes up to 125 percent of the poverty level and those classified as economically disadvantaged to participate. In addition, workers unemployed as a result of general economic conditions in the community or as a result of a natural disaster would be eligible to participate in the dislocated worker program. Disabled veterans would be included in the category of handicapped workers.

S. 2069 would permit the states to have more discretion in allocating funds among the service delivery areas (SDA) and would target funds to selected groups. The bill would permit governors to apply a modified hold harmless provision when allocating funds to SDA's in order to channel more funds to areas with greater need. Also, SDA's would be obligated to set aside 25 percent of summer youth funds for a remedial education program for youth who do not meet minimum education standards. The bill would allow funds for pilot projects to be spent on training individuals who are threatened with loss of their jobs due to technological change and would target money for special projects to populations with multiple barriers to employment such as the handicapped and displaced homemakers.

Finally, S. 2069 would authorize the president to make non-monetary awards for outstanding business involvement in job training programs and would improve coordination between training programs in service delivery areas and the Job Corps program.

If you have any questions on this estimate, please call me or have your staff call Marianne Deignan (226-2820).

With best wishes.

Sincerely,

RUDOLPH G. PENNER, *Director.*

REGULATORY IMPACT STATEMENT

In accordance with paragraph 5(a) of rule XXIX of the Standing Rules of the Senate, the following statement of the regulatory impact of S. 2069 is made:

A. Estimated number of individuals and businesses regulated and their groups or classifications.—The legislation is directed toward the existing Federal, State, and local service delivery system. Therefore, there is no change.

B. Impact of the Act on personal privacy.—This legislation has no impact on personal privacy.

C. Additional paperwork, time and costs.—S. 2069 amends JTPA to require the Department to develop performance standards for Title II-B, the Summer Youth Employment program. The Committee believes that the regulatory burden will be minimal.

D. Economic impact of such regulations on individuals or business.—The development of performance standards required

by S. 2069 may initially cause some additional administrative costs by States and local service delivery areas. The Committee has directed the Department to report on whether these additional administrative costs may exceed the Act's restrictions on the amount of funds available for administrative costs. The Committee expects that any expenditure of funds involved will be minimal and funds available for JTPA are sufficient to cover such costs.

VOTES IN COMMITTEE

Votes taken during Committee consideration of S. 2069 are as follows:

1. Approved by voice vote, Hatch motion to order reported S. 2069 favorably to the Senate with the following amendments: (1) a Quayle amendment to retain current law on application of cost limitations to the six percent setaside and addition of references to veterans throughout the Act, (2) a Hatch amendment to require an education literacy component in Title II-B, the Summer Youth Employment program, (3) a Hatch amendment to require the Secretary to use a portion of Title IV funds for discretionary, demonstration, and pilot projects for groups with multiple barriers to employment, not otherwise targeted under the Act, with special consideration for displaced homemakers and the handicapped, and (4) a Simon amendment to authorize the Secretary to conduct pilot projects, with funds available under Title IV, Part D, to retrain individuals threatened with the loss of their jobs due to technological changes, international economic policies, or general economic conditions.

○

Calendar No. 690

99TH CONGRESS
2d Session

SENATE

REPORT
99-325

AUTHORIZING APPROPRIATIONS FOR THE NATIONAL SCIENCE FOUNDATION FOR FISCAL YEAR 1987

JUNE 19 (legislative day, JUNE 16), 1986.—Ordered to be printed

Mr. HATCH, from the Committee on Labor and Human Resources, submitted the following

REPORT

[To accompany S. 2184]

The Committee on Labor and Human Resources to which was referred the bill (S. 2184) having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

I. BRIEF SUMMARY

The bill authorizes appropriations for the National Science Foundaton for fiscal year 1987 in the following categories and amounts:

Mathematical and Physical Sciences	$489,870,000
Engineering	172,470,000
Biological, Behavioral, and Social Sciences	270,500,000
Geosciences	298,150,000
Scientific, Technological, and International Affairs	47,030,000
Computer and Information Science and Engineering	122,980,000
Program Development and Management	78,000,000
United States Antarctic Program	117,000,000
Science and Engineering Education	89,000,000
Special Foreign Currency	700,000
Total	1,685,700,000

II. SECTION-BY-SECTION SUMMARY

Section 2 authorizes specific levels of funding for each of NSF's research and education activities for FY 1987.

Section 3 stipulates that appropriations made for research, education, and special foreign currency programs can be obligated throughout the period specified in the appropriations act.

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Section 4 limits the amount which can be spent on official consultation, representation, etc., to $5,000. Such expenditures are made at the discretion of the Director.

Section 5 authorizes NSF to draw $700,000 in foreign currencies for NSF expenses incurred outside the United States.

Section 6(a) authorizes the Director to transfer funds between directorates provided that the addition or reduction of funds is not greater than 10 percent.

Section 6(b) requires the Director to notify the Senate Labor and Human Resources and Commerce, Science, and Transportation Committees and the House Science and Technology Committee if a proposed transfer is in excess of 10 percent, and may effect the transfer after 30 days of such notification, assuming there is no objection.

Section 6(c) requires the Director to transfer $4 million to the Science and Engineering Education Directorate for the College Science Instrumentation Program and $3 million to the Biological and Behavioral Sciences Directorate for behavioral and social sciences programs.

Section 7 makes several changes to the National Science Foundation Organic Act of 1950.

Section 8 establishes a three-year interagency task force on women, minorities, and the handicapped in science and technology.

Section 9 repeals Title IX of the National Defense Education Act of 1959.

III. Hearing

The Committee on Labor and Human Resources held a public hearing on March 26, 1986, to consider S. 2184. The following persons and organizations presented testimony for the record:

Mr. Erich Bloch, Director of the National Science Foundation.

Mr. Roland W. Schmitt, Chairman of the National Science Board.

Mr. Jon W. Fuller, President of the Great Lakes Colleges Association, also on behalf of the Associated Colleges of the Midwest.

Dr. Leonard D. Goodstein, Executive Officer of the American Psychological Association.

Dr. David A. Hamburg, President of the American Association for the Advancement of Science.

Dr. David Jenness, Executive Director of the Consortium of Social Science Associations.

Dr. Robert M. Rosenzweig, President of the Association of American Universities, also on behalf of the American Council on Education, the National Association of State Universities and Land-Grant Colleges, the Association of Graduate Schools, and the Council of Graduate Schools in the United States.

Engineering Education Task Force of the National Society of Professional Engineers, the American Society for Engineering Education, and the National Association of State Universities and Land-Grant Colleges.

Federation of Behavioral, Psychological and Cognitive Sciences.

IV. NSF Functions and Mandate

The National Science Foundation (NSF) is an independent federal agency established by the National Science Foundation Act of 1950 (P.L. 81-507) to promote and advance scientific progress in the United States. The concept of a National Science Foundation was an outgrowth of the important contributions made by science and technology during the Second World War. Since its establishment in 1950, NSF has occupied a unique place among federal government agencies, with responsibility for the overall health of science across all disciplines, in contrast to other agencies that support research directed to specific missions.

NSF maintains U.S. scientific strength by funding research in all fields of science and engineering through grants and contracts to more than 2,000 colleges and universities and other research institutions in all parts of the United States. The Foundation accounts for about 28 percent of federal support for basin research going to academic institutions.

NSF receives over 27,000 unsolicited proposals each year for research and graduate fellowships and makes over 12,000 awards. The awards go to universities, colleges, university consortia, not-for-profit institutions, and small businesses. NSF operates no in-house laboratories, but does support the operation of National Research Centers, oceanographic research vessels, and Antarctic research stations. The Foundation also supports cooperative research efforts by universities and industry and U.S. participation in mutually beneficial programs of international scientific cooperation. Except for administration costs, funds appropriated to the Foundation by the Congress go to non-federal research and science education activities.

Foundation staff is assisted by formal advisory communities and ad hoc reviewers of research proposals. This advisory system, which provides advice both on program direction and on specific proposals, involves more than 50,000 scientists and engineers each year. NSF staff members—who are experts in science or engineering—make final award decisions. Applicants receive verbatim unsigned copies of peer reviews and can appeal award decisions through a formal mechanism.

A 25-member National Science Board establishes policies for the Foundation, within the framework of applicable policies made by the President and the Congress. The Board, the Director of the Foundation, the Deputy Director, and four Assistant Directors are appointed by the President with the advice and consent of the Senate; three additional Assistant Directors are appointed by the Director.

By establishing NSF in 1950, the Congress recognized that support of long-term fundamental research in all fields of science and engineering and the teaching and learning of science contribute to the strength and well-being of the nation in many ways. Research discoveries precede and underlie advances in many important areas of federal responsibility, including national defense, economic growth, health, energy, environment, and agriculture. Scientists and engineers help to create the future by developing new knowledge, ideas, techniques, and applications—and new generations of

scientists are educated through their work as graduate students on research projects.

V. Program Description and Committee Views

The Committee recommends an authorization of $1,685,700,000 for FY 1987. This is an increase of $130 million or 8.4 percent over the pre-Gramm-Rudman-Hollings program plan. This is the same level of funding requested by the Administration in its February budget submission and is consistent with the Senate-passed budget resolution.

Despite the critical need to reduce domestic spending, the Committee believes that scientific and engineering research, as well as improvement in science and mathematics education, are essential for our nation's long term economic health and national security. The Committee recognizes that we have increasingly turned to science and engineering to address national problems in medicine, energy and environment, communications, and manufacturing. In view of this, it is equally important to increase the nation's base of fundamental scientific knowledge, without which advancements in technology cannot go forward. This is the main mission of the National Science Foundation.

A. Mathematical and Physical Science (MPS).—The Committee recommends $489,870,000 for fiscal year 1987. This represents an increase of $55.3 million over the level established by the 1986 sequester order. The FY 1987 program maintains the research base across the MPB disciplines, provides for instrumentation and operation of major facilities, and maintains the number and size of individual investigator research awards. Support for graduate students and postdoctoral students is also sustained.

The Committee supports the emphasis proposed for the mathematical sciences. This is in partial response to the recommendations of the recent report from the National Research Council entitled "Renewing U.S. Mathematics: Critical Resource for the Future" and the subsequent National Science Board resolution on the need to bolster resources for the mathematical sciences. The central role of the mathematical sciences in the computational approach to science and engineering accounts for the remainder of the increase.

In chemistry, increased support for shared instrumentation and participation in the biotechnology initiative is provided. In physics, development and improvement of instruments and facilities will be emphasized. Further planning studies for a gravitational wave detector system will be supported along with continued support for the Cornell Electron Storage Ring, the Indiana University Cooler Ring, and the Michigan State University Superconducting Cyclotron. In materials research, strong support is provided for growth of the materials research group program. The Committee also supports the astronomical sciences budget request which provides support for individual projects, the national astronomy centers, and the high priority Very Long Baseline Array radio telescope now under construction. The Astronomical Sciences Division was recently transferred to the MPS Directorate from the directorate for-

merly known as Astronomical, Atmospheric, Earth, and Ocean Sciences, now the Geosciences Directorate.

B. Engineering (ENG).—The Committee recommends a total of $172,470,000, an amount equal to the President's request. This is $28.3 million over the current year level.

The programs with the Directorate are designed to achieve several complementary goals. To maintain strength in established "Science-driven" fields, such as materials and chemical engineering, research is supported to advance knowledge of engineering principles, methodologies, and systems that provide the basis for technological advances. In "technology-drive" areas that lack strong science bases, such as manufacturing and research, support is provided to create a base of engineering science knowledge. Other programs build strong engineering knowledge bases and academic infrastructure in key emerging areas such as biotechnology. Links are established between engineering schools, industry, and government laboratories through many of the directorate's programs.

To help improve national economic competitiveness in FY 1987, NSF will expand the Engineering Research Centers program initiated in FY 1985, provide enhanced support for research in selected fields with high potential for economic payoff such as computer science and biotechnology, and encourage innovation through support of research conducted by small businesses and joint industry—university research ventures. The interdisciplinary Engineering Research Center program (ERC) and related programs focus on critical areas that can benefit from an infusion of multidisciplinary knowledge.

C. Biological, Behavioral, and Social Sciences (BBS).—The Committee recommends the budget request of $270,500,000. This is $31.8 million more than the current level established by the 1986 sequester.

The base program will provide funds for both instrumentation and personnel necessary for the effective conduct of research in all the research areas supported by BBS. The size and number of individual investigator awards will be sustained. Changes in the use and role of scientific instrumentation in BBS research fields will be met through a special emphasis on equipment support and instrument development. Upgrading biological field stations, and expanding large scale data bases of protein and nucleic acid sequences are additional areas of emphasis within this effort. BBS plays a dual role in the NSF's emphasis on research related to biotechnology. BBS has general management and monitoring responsibility for the agency-wide effort, and its programs support a significant portion of such research. Efforts focus on establishing interdisciplinary groups, making critical instrumentation available, and developing a stronger research base in such areas as genetics and biochemistry.

There is also growing emphasis on developing the scientific information base on microbial ecology and ecosystems. These data provide essential baseline information for risk assessment analysis for policy decisions. In addition, support will be continued for large social science data base projects such as the Panel Study on Income Dynamics.

The Committee has also included language in the bill that provides, from funds available, an additional $3 million above the budget request, for additional research in behavioral and social science.

D. Geosciences (GEO).—The Committee recommends a total authorization of $298,150,000 for Geosciences in FY 1987, an increase of $31.8 million over the FY 1986 estimate.

The Directorate for Geosciences (GEO), established in April 1986, includes the atmospheric, earth and ocean sciences programs that were formerly organized under the Directorate for Astronomical, Atmospheric, Earth and Ocean Sciences (AAEO). Activities being proposed by NSF are part of a major international effort to understand natural phenomena that can have a profound impact on the public welfare and economic conditions of the nations of the world. Increased understanding of the planet's processes can lead to more reliable prediction of natural events such as the El Nino oceanic/atmospheric phenomenon, and earthquakes and volcanic eruptions, as well as the consequences of human activity, such as acid rain and deforestation.

E. Scientific, Technological, and International Affairs.—The Committee recommends $47,030,000 for this activity, an increase of $9.1 million over FY 1986 post-Gramm-Rudman levels.

The primary objective of STIA programs is to collect, analyze, and disseminate science and engineering resource data with key national policy-makers and the public as well as to develop cooperative international linkages, and expand research opportunities for women, minorities and handicapped scientists and engineers.

The Committee is pleased to note the establishment of Minority Research Centers of Excellence. This program will provide incentives for a selected group of minority institutions to design and implement long-range plans to upgrade research and training capabilities in science and engineering.

In addition, STIA provides opportunities for small, technology-oriented firms to participate in NSF-supported research through the Small Business Innovation Research Program.

F. Computer and Information Science and Engineering (CISE).—The Committee recommends $122,980,000 for FY 1987; this is $22.5 million more than the 1986 estimate.

The Directorate for Computer and Information Science and Engineering (CISE) was also established in April 1986. The need for this organizational entity is the result of the Foundation's extensive activity in computer science, information science, computer engineering, supercomputers, and computer networking. The following existing programs and activities are combined to form the new directorate: computer research; information science and technology; advanced scientific computing; computer engineering; and communications systems and signal processing.

The major emphasis in computer research will be support for research on advanced computer concepts and systems. This includes advanced computer architectures, software issues arising from new computer architectures, and information structures, cognition and formal languages. The information science and technology activity will emphasize research underlying advanced knowledge retrieval and manipulation systems and data resources for studies of the ef-

fects of information and computer technology in the workplace, and on industry structure and performance.

In the area of advanced scientific computing (supercomputers) strong support will be continued for the Phase II centers while reduced levels will be maintained for the Phase I or resource centers. In FY 1987, NSF should support only those Phase I resource centers that provide services not readily available at the national centers. The Committee is concerned that networking activities be maintained and expanded to the extent possible. The program will also provide support for new technologies, innovative software, numerical methods and graphical techniques.

G. Program Development and Management (PD&M).—The Committee recommends $78.0 million for this activity. This is $6.1 million more than the current level established by the 1986 sequester order.

This authorization provides support for staff salaries, rent, travel, and other operating expenses necessary for the effective and efficient operations and management of the Foundation. The Committee notes that the proportion of the total resources used by NSF for administration is less than 5% and that the 1987 staff in level is held at the 1986 level. The Committee is supportive of the Foundation's progress in expanding automation capability and related technologies, and improving administration and programmatic systems such as financial accounting, reviewer, budget line item program, and other more advanced systems. The Committee encourages NSF to continue to move ahead in these areas.

H. United States Antarctic Program (USAP).—The Committee recommends $117,000,000 for this activity in FY 1987. This is $6.8 million more than the current level established by the 1986 sequester order.

United States policy calls for the maintenance of an active and influential presence in Antarctica. Scientific research is the principal expression of this presence, and the National Science Foundation has been charged by the President with responsibility for fully funding and managing the nation's program.

For fiscal year 1987 the following topics have been identified as research priorities: (1) Aerosols, trace gases, troposphere-stratosphere exchange processes, and major variations in the ozone shield over Antarctica. (2) The structure of the antarctic marine ecosystem and its relationship to the nutrient rich ice edge zone. (3) The geologic history, structure and tectonics of the Transantarctic Mountains and West Antarctica that relate both to resource and paleoclimate questions. (4) Increased studies of the dynamics of the West Antarctic ice sheet, and the clarification and extension of the climate record gained from ice drilling and coring. (5) The formation and flow of cold, nutrient-rich bottomwater phenomena that have implications both for marine ecosystems and weather and climate.

While NSF has the responsibility for funding and managing the entire program, the Departments of Defense and Transportation provide, on a reimbursable basis, requested logistic and other operational support. The Foundation also employs a contractor to maintain and operate South Pole, Palmer, and Siple Stations as well as a chartered research ship, *Polar Duke.* The Navy operates

McMurdo Station, the NSF-owned LC-130 aircraft, and Navy helicopters.

In FY 1987, the Coast Guard will reassume the fixed cost of icebreakers, implemented by a budget base transfer of $14 million. As a result of this transfer, NSF is now able to implement a series of critical investments vital to the program and to the safety of scientific and technical personnel.

Upgrading to extend the service life of the program's two oldest aircraft, built in the 1950's, was postponed from 1977 until 1983, when they were declared unsafe to operate due to failures in communications and navigation electronics. They are now undergoing the minimal work necessary to allow them to fly this season, but require more substantial work to remain serviceable in the years ahead.

The program's other five planes need improvements as well. Rather than being equipped with solid state electronics, for example, they still employ vacuum tubes, which are very sensitive to severe temperature extremes, rough landing and other conditions typical of the harsh Antarctic environment. Communications play such an important role in the extreme weather that safety requires this equipment to be replaced and modernized.

The Committee also supports the Foundation's plans to begin a critical upgrading of the laboratory facilities and equipment, which are currently inadequate.

I. Science and Engineering Education (SEE).—The Committee recommends $89,000,000 for this activity in FY 1987. This is $4.4 million more than the current level following the 1986 sequester order.

This Committee has been a long and consistent advocate of the Foundation's efforts with respect to science and engineering education. The Committee has been concerned by the crisis in precollege science education and expressed its concern by enacting the Education for Economic Security Act in 1984. This comprehensive math-science education legislation, which established programs for both the NSF and the Department of Education, was reauthorized last year.

The Committee remains very concerned about the state of science literacy in our country, and continues to support NSF projects such as National Science Week which are designed to promote greater interest in science and technology. In particular, the Committee believes that education at the precollege level should include instruction in the basic scientific principles involved in problem-solving and an introduction to the world of technology and engineering. The Foundation may interpret Title I of the Education for Economic Security Act broadly to allow grants for meritorious projects which contribute to our young people's understanding of technology, including projects which may utilize hands-on demonstrations and experimentation.

The Committee also directs the Director of the National Science Foundation to increase support for the College Science Instrumentation Program (CSIP) within the Directorate for Science and Engineering Education by $4 million from other funds available to the Foundation. The Committee has taken this action to demonstrate its commitment to improving the quality of undergraduate educa-

tion and to acknowledge the important contribution of four-year colleges in the preparation of professional scientists and engineers. While the Committee has elected to give the Director broad discretion in making necessary transfers of funds from one or more programs or directorates to CSIP, the Committee stresses that this increase should not come from any other SEE program or activity.

Further, the Committee strongly believes that CSIP and the SEE Directorate should not be the sole sources of support for the scientific endeavors of four-year colleges. The Committee urges the Foundation to continue to emphasize support for undergraduate research and instrumentation by all of NSF's research directorates and anticipate that NSF's research directorates and anticipate that NSF will submit a comprehensive plan for the expansion and integration of support of undergraduate research throughout the Foundation in its FY 1988 budget.

The Committee is pleased that the Foundation's precollege program is approaching stability and the agency appears to be moving forward with the implementation of this legislation. The Committee expects that all available resources will be obligated in the course of this fiscal year. The Committee also commends NSF for its efforts to establish better linkages with the Department of Education, and encourages continued cooperation and coordination between these two agencies.

J. Special Foreign Currency (SFC).—The Committee recommends $700,000 for Special Foreign Currency, a decreae of $259,417 from the FY 1986 post sequester level. This decrease reflects the systemic use and depletion of available "excess currency," as controlled by the Treasury Department.

The Special Foreign Currency Program advances U.S. scientific and foreign relations goals by using local currency to support scientific cooperation. In FY 1987, resources will be used entirely for collaborative activities with Pakistan, with a focus on such critical areas as natural products chemistry, water resources engineering, Himalayan geology, materials science and metallurgy, and seismic studies. Cooperative research, seminars and scientific visits are supported.

K. Changes to the NSF Organic Act of 1950.—The bill would make four amendments to the National Science Foundation Act and related laws. All the proposed changes would serve a broad long-term purpose. They represent a continued collaboration between the Foundation and the congressional committees charged with oversight of its activities to simplify and streamline its organic legislation.

The first change is the deletion of the requirement that NSF maintain a register of scientific and engineering personnel. The number of scientists, engineers, and technicians in the United States made it impractical to keep an actual register of such individuals. (At present there are approximately four million scientists and engineers in the U.S. This is about eight times the number of such individuals in 1950.) NSF has instead focused its efforts on "the collection, interpretation, and analysis of data" which, in the Committee's opinion, responds to the original intent.

Second, existing language seems to require specific appropriations for scholarships and graduate fellowships. Congress has for

many years chosen to appropriate for scholarships and fellowships in the Foundation's appropriation for Science and Engineering Education. Deleting this requirement removes a legal ambiguity and allows Congress greater flexibility in appropriating for such awards. That might, in turn, permit the Foundation to integrate some student support programs more effectively with its research support programs.

Third, the Committee has included an amendment that eliminates the statutory requirement for the Presidential appointment and Senate confirmation of four of NSF's assistant directors. The result of this amendment is to provide the Foundations director with the responsibility for the recruitment and selection of all of the NSF's assistant director positions.

The Committee notes that the 24-member National Science Board, which is responsible for making NSF policy, as well as the Director, and the Deputy Director, are all appointed by the President and confirmed by the Senate. These positions are considered to be the senior policy positions in the Foundation and thus the existing appointment process for these positions are considered to be senior management positions, responsible for implementing the policies established by the Congress, the President, the Science Advisor, the Board, and the Director and his deputy, the Committee does not believe it necessary that they be filled through the Presidential appointment process.

Finally, the Committee has recommended the repeal of Title IX of the National Defense Education Act of 1959 which required the Foundation to establish a "Science Information Service" and a "Science Information Council" to foster "a more effective dissemination of scientific information". The Council was terminated in 1975 by the Federal Advisory Committee Act, and NSF does not need the authority of Title IX to disseminate science information.

VI. Regulatory Impact

In accordance with paragraph (5)(a) of Rule XXIX of the Standing Rules of the Senate, the following statement of regulatory impact of S. 801 is made:

This measure represents a one year extension of existing NSF programs and activities and proposes specific levels of funding. There is no additional regulation anticipated as a result of the enactment of this legislation.

VII. CBO Budget Estimate

U.S. Congress,
Congressional Budget Office,
Washington, DC, June 3, 1986.

Hon. Orrin G. Hatch,
Chairman, Committee on Labor and Human Resources,
U.S. Senate. Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has prepared the attached cost estimate for S. 2184, the National Science Foundation Authorization Act for Fiscal Year 1987.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,

Sincerely,

RUDOLPH G. PENNER, *Director.*

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number; S. 2184.

2. Bill title: National Science Foundation Authorization Act for Fiscal Year 1987.

3. Bill status: As amended and ordered reported by the Senate Committee on Labor and Human Resources, May 20, 1986.

4. Bill purpose: This bill authorizes the appropriation of $1,685.7 million in fiscal year 1987 to provide funding for the activities of the National Science Foundation (NSF). Of that total, $1,479 million is for research and related activities, $117 million is for the U.S. Antarctic Program, $89 million is for science and engineering education activities, and $0.7 million is for the Special Foreign Currency Fund. Additionally, the bill provides for the appointment of NSF assistant directors by the NSF director instead of the President. The bill also establishes an interagency task force on women, minorities, and the handicapped in science and technology.

NSF funding to date for fiscal year 1986 totals $1,458.3 million, after reductions required under the Balanced Budget and Emergency Deficit Control Act of 1985. The President has requested appropriations of $1,685.7 million for fiscal year 1987, the same amount as authorized in S. 2184.

5. Estimated cost to the Federal Government:

[By fiscal years, in millions of dollars]

	1987	1988	1989	1990	1991
Authorization level	1,685.7				
Estimated outlays	866.5	573.0	150.2	96.0	

Including outlays from previous year's appropriations, total 1987 outlays would be $1,598.9 million, assuming appropriation of the authorized amounts.

The costs of this bill fall within budget function 250.

Basis of estimate: This estimate assumes that all funds authorized will be appropriated and that spending will follow historical patterns.

The bill establishes an interagency task force on women, minorities, and the handicapped in science and technology. This is an expansion of an existing NSF task force. NSF believes that administrative assistance can be provided to the new task force at no significant additional cost.

6. Estimated cost to State and local governments: None.

7. Estimate comparison: None.

8. Previous CBO estimate: On May 28, 1986, CBO prepared a cost estimate for H.R. 4184, a similar bill ordered reported by the House Committee on Science and Technology. H.R. 4184 also authorized

the appropriation of $1,685.7 million for NSF, although with different individual program levels. The estimated outlays of that bill are not significantly different from those of S. 2184. H.R. 4184 also reauthorized NSF indemnification of the Ocean Drilling Program, which increased the contingent liabilities of the federal government by an indeterminate amount. S. 2184 contains no such provision.

9. Estimate prepared by: Paul M. DiNardo.

10. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

VIII. Changes in Existing Law Made by S. 2184

In accordance with the rule XXVI, paragraph 12, of the Standing Rules of the Senate, the following provides a print of the statute of the part of the section thereof to be amended or replaced (existing law proposed to be omitted is enclosed in brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

National Science Foundation Act of 1950

* * * * * * *

FUNCTIONS OF THE FOUNDATION (42 U.S.C. § 1862)

* * * * * * *

Sec. 3. (a) The Foundation is authorized and directed—

(1) to initiate and support basic scientific research and programs to strengthen scientific research potential and science education programs at all levels in the mathematical, physical, medical, biological, social, and other sciences, and to initiate and support research fundamental to the engineering process and programs to strengthen engineering research potential and engineering education programs at all levels in the various fields of engineering, by making contracts or other arrangements (including grants, loans, and other forms of assistance) to support such scientific, engineering and educational activities.

(2) to award, as provided in section 10, scholarships and graduate fellowships for study and research in the sciences or in engineering.

(3) to foster the interchange of scientific and engineering information among scientists and engineers in the United States and foreign countries;

(4) to foster and support the development and use of computer and other scientific and engineering methods and technologies, primarily for research and education in the sciences and engineering;

(5) to evaluate the status and needs of the various sciences and fields of engineering as evidenced by programs, projects, and studies undertaken by agencies of the Federal Government, by individuals, and by public and private research groups, employing by grant or contract such consulting services as it may deem necessary for the purpose of such evalua-

tions; and to take into consideration the results of such evaluations in correlating the research and educational programs undertaken or supported by the Foundation with programs, projects, and studies undertaken by agencies of the Federal Government, by individuals, and by public and private research groups;

[(6) to maintain a current register of scientific and engineering personnel, and in other ways to provide a central clearinghouse for the collection, interpretation, and analysis of data on the availability of, and the current and projected need for, scientific and engineering resources in the United States, and to provide a source of information for policy information by other agencies of the Federal Government; and]

"(6) to provide a central clearinghouse for the collection, interpretation, and analysis of data on scientific and engineering resources and to provide a source of information for policy formation by other agencies of the Federal Government;".

(7) to initiate and maintain a program for the determination of the total amount of money for scientific and engineering research, including money allocated for the construction of the facilities wherein such research is conducted, received by each educational institution and appropriate nonprofit organization in the United States, by grant, contract, or other arrangement from agencies of the Federal Government, and to report annually thereon to the President and the Congress.

(b) The Foundation is authorized to initiate and support specific scientific and engineering activities in connection with matters relating to international cooperation, national security, and the effects of scientific and engineering applications upon society by making contracts or other arrangements (including grants, loans, and other forms of assistance) for the conduct of such activities. When initiated or supported pursuant to requests made by any other Federal department or agency, including the Office of Technology Assessment, such activities shall be financed whenever feasible from funds transferred to the Foundation by the requesting official as provided in section 14(f), and any such activities shall be unclassified and shall be identified by the Foundation as being undertaken at the request of the appropriate official.

DEPUTY DIRECTOR AND ASSISTANT DIRECTORS (42 U.S.C. § 1864A)

SEC. 6. [(a)] There shall be a Deputy Director of the Foundation (referred to in this Act as the "Deputy Director") who shall be appointed by the President, by and with the advice and consent of the Senate. Before any person is appointed as Deputy Director, the President shall afford the Board and the Directors an opportunity to make recommendations to him with respect to such appointment. The Deputy Director shall receive basic pay at the rate provided for level III of the Executive Schedule under section 5314 of title 5, United States Code, and shall perform such duties and exercises such powers as the Director may prescribe. The Deputy Director shall act for, and exercise the powers of, the Director during the absence or disability of the Director or in the event of a vacancy in the office of the Director.

[(b) There shall be four Assistant Directors of the Foundation (each referred to in this Act as an "Assistant Director") who shall be appointed by the President, by and with the advice and consent of the Senate. Before any person is appointed as an Assistant Director, the President shall afford the Board and the Director an opportunity to make recommendations to him with respect to such appointment. Each Assistant Director shall receive basic pay at the rate provided for level V of the Executive Schedule under section 5316 of title 5, United States Code, and shall perform such duties and exercise such powers as the Director may prescribe.]

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EXECUTIVE COMMITTEE (42 U.S.C. § 1865]

SEC. 7. (a) There shall be an Executive Committee of the Board (referred to in this Act as the "Executive Committee"), which shall be composed of five members and shall exercise such powers and functions as may be delegated to it by the Board. Four of the members shall be elected as provided in subsection (b), and the Director ex officio shall be the fifth member and the chairman of the Executive Committee.

(b) At each of its annual meetings the Board shall elect two of its members as members of the Executive Committee, and the Executive Committee members so elected shall hold office for two years from the date of their election. Any person, other than the Director, who has been a member of the Executive Committee for six consecutive years shall thereafter be ineligible for service as a member thereof during the two-year period following the expiration of such sixth year. For the purposes of this subsection, the period between any two consecutive annual meetings of the Board shall be deemed to be one year.

(c) Any person elected as a member of the Executive Committee to fill a vacancy occurring prior to the expiration of the term for which his predecessor was elected shall be elected for the remainder of such term.

(d) The Executive Committee shall render an annual report to the Board, and such other reports as it may deem necessary, summarizing its activities and making such recommendations as it may deem appropriate. Minority views and recommendations, if any, of members of the Executive Committee shall be included in such reports.

DIVISIONS WITHIN THE FOUNDATION (42 U.S.C. § 1866)

SEC. 8. There shall be within the Foundation such Divisions as the Director, in consultation with the Board, may from time to time determine.

SPECIAL COMMISSIONS (42 U.S.C. § 1868)

SEC. 9. (a) Each special commission established under section 4(h) shall be appointed by the Board and shall consist of such members as the Board considers appropriate.

(b) Special commissions may be established to study and make recommendations to the Foundation on issues relating to research and education in science and engineering.

SCHOLARSHIPS AND GRADUATE FELLOWSHIPS (42 U.S.C. § 1869)

SEC. 10. The Foundation is authorized to award, [within the limits of funds made available specifically for such purpose pursuant to section 16,] scholarships and graduate fellowships for study and research in the sciences or in engineering at appropriate nonprofit American or nonprofit foreign institutions selected by the recipient of such aid, for stated periods of time. Persons shall be selected for such scholarships and fellowships from among citizens or nationals of the United States, and such selections shall be made solely on the basis of ability; but in any case in which two or more applicants for scholarships or fellowships, as the case may be, are deemed by the Foundation to be possessed of substantially equal ability, and there

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SECTION IV

(PUBLIC LAW 864—85TH CONGRESS)

[TITLE IX—SCIENCE INFORMATION SERVICE

[FUNCTIONS OF THE SERVICE (42 U.S.C. § 1876)

[SEC. 901. The National Science Foundation shall establish a Science Information Service. The Foundation, through such Service, shall (1) provide, or arrange for the provision of, indexing, abstracting, translating, and other services leading to a more effective dissemination of scientific information, and (2) undertake programs to develop new or improved methods, including mechanized systems, for making scientic information available.

[SCIENCE INFORMATION COUNCIL (42 U.S.C. § 1877)

[SEC. 902. (a) The National Scientific Foundation shall establish in the Foundation, a Science Information Council [6] (hereafter in this title referred to as the "Council") consisting of the Librarian of Congress, the director of the National Library of Medicine, the director of the Department of Agriculture library, and the head of the Science Information Service, each of whom shall be ex officio members, and fifteen members appointed by the Director of the National Science Foundation. The Council shall annually elect one of the appointed members to serve as chairman until the next election. Six of the appointed members shall be leaders in the fields of fundamental science, six shall be leaders in the fields of librarianship of scientific documentation, and three shall be outstanding representatives of the lay public who have demonstrated interest in the problems of communication. Each appointed member of such

[6] The Federal Advisory Committee Act, 5 U.S.C. App. I, terminated the Science Information Council on January 5, 1975.

Council shall hold office for a term of four years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the remainder of such term, and (2) that of the members first appointed, four shall hold office for a term of three years, four shall hold office for a term of two years, and three shall hold office for a term of one year, as designated by the Director of the National Science Foundation at the time of appointment. No appointed member of the Council shall be eligible for reappointment until a year has elapsed since the end of his preceding term.

[(b) It shall be the duty of the Council to advise, to consult with, and to make recommendations to, the head of the Science Information Service. The Council shall meet at least twice each year, and at such other times as the majority thereof deems appropriate.

[(c) Persons appointed to the Council shall, while serving on business of the Council, receive compensation at rates fixed by the National Science Foundation, but not to exceed $100 per day and shall also be entitled to receive an allowance for actual and necessary travel and subsistence expenses while so serving away from their places of residence.

[AUTHORITY FOR CERTAIN GRANTS AND CONTRACTS (42 U.S.C. § 1878)

[SEC. 903. In carrying out its functions under this title, the National Science Foundation shall have the same power and authority it has under the National Science Foundation Act of 1950 to carry out its functions under that Act.

[APPROPRIATIONS AUTHORIZED (42 U.S.C. § 1879)

[SEC. 904. There are hereby authorized to be appropriated for the fiscal year ending June 30, 1959, and for each succeeding fiscal year, such sums as may be necessary to carry out the provisions of this title]

IX. COMMITTEE ACTION

The Committee on Labor and Human Resources met on May 20, 1986, to consider the S. 2184, a bill to authorize appropriations for the National Science Foundation for fiscal year 1987. The Committee adopted the following amendments by voice vote:

1. An amendment by Mr. Hatch to change the directorate names and amounts to correspond with NSF's new administrative structure and to establish an inter-agency task force on women, minorities, and the handicapped in science and engineering;

2. An amendment by Mr. Kennedy to amend the NSF Organic Act of 1950 deleting the requirement that four of the Foundation's assistant directors by Presidentially appointed and subject to Senate confirmation;

3. An amendment by Mr. Dodd requiring the Director to transfer $4 million to the Science and Engineering Education Directorate for the College Science Instrumentation program from funds available to the Foundation; and

4. An amendment by Mr. Simon requiring the Director to transfer $3 million to the Biological and Behavioral Sciences Directorate

for behavioral and social sciences from funds available to the Foundation.

The Committee subsequently ordered the bill, S. 2184, as amended, favorably reported by voice vote.

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